
By: **Washington County Delegation**
Introduced and read first time: February 6, 2004
Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Washington County - Public Facilities Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of
4 Washington County, from time to time, to borrow not more than \$75,000,000 in
5 order to finance the costs of the construction, improvement, or development of
6 certain public facilities in Washington County, as herein defined, and to effect
7 such borrowing by the issuance and sale at public or private sale of its general
8 obligation bonds in like par amount; empowering the County to fix and
9 determine, by resolution, the form, tenor, interest rate or rates or method of
10 determining the same, terms, conditions, maturities, and all other details
11 incident to the issuance and sale of the bonds; empowering the County to issue
12 refunding bonds for the purchase or redemption of bonds in advance of maturity;
13 empowering and directing the County to levy, impose, and collect, annually, ad
14 valorem taxes in rate and amount sufficient to provide funds for the payment of
15 the maturing principal of and interest on the bonds; exempting the bonds and
16 refunding bonds, and the interest thereon and any income derived therefrom,
17 from all State, county, municipal, and other taxation in the State of Maryland;
18 providing that nothing in this Act shall prevent the County from authorizing the
19 issuance and sale of bonds the interest on which is not excludable from gross
20 income for federal income tax purposes; providing that such borrowing may be
21 undertaken by the County in the form of installment purchase obligations
22 executed and delivered by the County for the purpose of acquiring agricultural
23 land and woodland preservation easements; and relating generally to the
24 issuance and sale of such bonds.

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
26 MARYLAND, That, as used herein, the term "County" means the body politic and
27 corporate of the State of Maryland known as the County Commissioners of
28 Washington County, and the term "construction, improvement, or development of
29 public facilities" means the acquisition, alteration, construction, reconstruction,
30 enlargement, equipping, expansion, extension, improvement, rehabilitation,
31 renovation, upgrading, and repair of public buildings and facilities and public works
32 projects, including, but not limited to, the following, together with related
33 architectural, financial, legal, planning, or engineering services:

34 (a) Public school buildings, administrative facilities, sites, and grounds;

- 1 (b) Community College buildings, sites, and grounds;
- 2 (c) Buildings and facilities for public safety, health and social services,
3 libraries, County administration purposes, County airport purposes, refuse collection,
4 recycling or disposal by whatever means, and park and recreation purposes;
- 5 (d) Acquisition of land or interests in land and any improvement thereon; and
- 6 (e) Easements or similar or related rights in land that restrict the use of
7 agricultural land or woodland to maintain the character of the land as agricultural
8 land or woodland.

9 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
10 authorized to finance any part or all of the costs of the facilities described in Section
11 1 of this Act, and to borrow money and incur indebtedness for that purpose, at one
12 time or from time to time, in an amount not exceeding, in the aggregate, \$75,000,000
13 and to evidence such borrowing by the issuance and sale upon its full faith and credit
14 of general obligation bonds in like par amount, which may be issued at one time or
15 from time to time, in one or more groups or series, as the County may determine.

16 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued
17 in accordance with a resolution of the County, which shall describe generally the
18 construction, improvement, or development of public facilities for which the proceeds
19 of the bond sale are intended and the amount needed for those purposes. The County
20 shall have and is hereby granted full and complete authority and discretion in the
21 resolution to fix and determine with respect to the bonds of any issue: the
22 designation, date of issue, denomination or denominations, form or forms, and tenor
23 of the bonds which, without limitation, may be issued in registered form within the
24 meaning of Section 30 of Article 31 of the Annotated Code of Maryland, as amended;
25 the rate or rates of interest payable thereon, or the method of determining the same,
26 which may include a variable rate; the date or dates and amount or amounts of
27 maturity, which need not be in equal par amounts or in consecutive annual
28 installments, provided only that no bond of any issue shall mature later than 30 years
29 from the date of its issue; the manner of selling the bonds, which may be at either
30 public or private sale, for such price or prices as may be determined to be for the best
31 interests of the County; the manner of executing and sealing the bonds, which may be
32 by facsimile; the terms and conditions, if any, under which bonds may be tendered for
33 payment or purchase prior to their stated maturity; the terms or conditions, if any,
34 under which bonds may or shall be redeemed prior to their stated maturity; the place
35 or places of payment of the principal of and the interest on the bonds, which may be
36 at any bank or trust company within or without the State of Maryland; covenants
37 relating to compliance with applicable requirements of federal income tax law,
38 including (without limitation) covenants regarding the payment of rebate or penalties
39 in lieu of rebate; covenants relating to compliance with applicable requirements of
40 federal or state securities laws; and generally all matters incident to the terms,
41 conditions, issuance, sale, and delivery thereof.

42 The bonds may be made redeemable before maturity, at the option of the County,
43 at such price or prices and under such terms and conditions as may be fixed by the

1 County prior to the issuance of the bonds, either in the resolution or in subsequent
2 resolutions. In case any officer whose signature appears on any bond ceases to be such
3 officer before the delivery thereof, such signature shall nevertheless be valid and
4 sufficient for all purposes as if he had remained in office until such delivery. The
5 bonds and the issuance and sale thereof shall be exempt from the provisions of
6 Sections 2C, 9, 10, and 11 of Article 31 of the Annotated Code of Maryland. The
7 County may enter into agreements with agents, banks, fiduciaries, insurers, or others
8 for the purpose of enhancing the marketability of any security for the bonds and for
9 the purpose of securing any tender option that may be granted to holders of the bonds,
10 all as may be determined and presented in the aforesaid resolution, which may (but
11 need not) state as security for the performance by the County of any monetary
12 obligations under such agreements the same security given by the County to
13 bondholders for the performance by the County of its monetary obligations under the
14 bonds. If the County determines in the resolution to offer any of the bonds by
15 solicitation of competitive bids at public sale, the resolution shall fix the terms and
16 conditions of the public sale and shall adopt a form of notice of sale, which shall
17 outline the terms and conditions, including the manner of receipt of bids, and a form
18 of advertisement, which shall be published in one or more daily or weekly newspapers
19 having a general circulation in Washington County and which may also be published
20 in one or more journals having a circulation primarily among banks and investment
21 bankers. At least one publication of the advertisement shall be made not less than 10
22 days before the sale of the bonds.

23 Upon delivery of any bonds to the purchaser or purchasers, payment therefor
24 shall be made to the Treasurer of Washington County or such other official of the
25 County as may be designated to receive such payment in a resolution passed by the
26 County Commissioners of Washington County before such delivery. For purposes of
27 issuance and sale, bonds, authorized hereunder may be consolidated into a single
28 issue with any other bonds authorized to be issued by the County.

29 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
30 sale of bonds shall be used and applied exclusively and solely for the acquisition,
31 construction, improvement, or development of public facilities for which the bonds are
32 sold. If the amounts borrowed shall prove inadequate to finance the projects described
33 in the resolution, the County may issue additional bonds within the limitations hereof
34 for the purpose of evidencing the borrowing of additional funds for such financing,
35 provided the resolution authorizing the sale of additional bonds shall so recite, but if
36 the net proceeds of the sale of any issue of bonds exceeds the amount needed to
37 finance the projects described in the resolution, the excess funds so borrowed and not
38 expended shall be applied to the payment of the next principal maturity of the bonds
39 or to the redemption of any part of the bonds which have been made redeemable or to
40 the purchase and cancellation of bonds, unless the County shall adopt a resolution
41 allocating the excess funds to the acquisition, construction, improvement, or
42 development of other public facilities, as defined and within the limits set forth in this
43 Act.

44 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby
45 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full
46 faith and credit and unlimited taxing power of the County to the payment of the

1 maturing principal of and interest on the bonds as and when they become payable. In
2 each and every fiscal year that any of the bonds are outstanding, the County shall
3 levy or cause to be levied ad valorem taxes upon all the assessable property within the
4 corporate limits of Washington County in rate and amount sufficient to provide for or
5 assure the payment, when due, of the principal of and interest on all the bonds
6 maturing in each such fiscal year and, in the event the proceeds from the taxes so
7 levied in any such fiscal year shall prove inadequate for such payment, additional
8 taxes shall be levied in the succeeding fiscal year to make up any such deficiency. The
9 County may apply to the payment of the principal of and interest on any bonds issued
10 hereunder any funds received by it from the State of Maryland, the United States of
11 America, any agency or instrumentality thereof, or from any other source, if such
12 funds are granted for the purpose of assisting the County in financing the acquisition,
13 construction, improvement, or development of the public facilities defined in this Act
14 and, to the extent of any such funds received or receivable in any fiscal year, the taxes
15 that are required to be levied may be reduced accordingly.

16 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further
17 authorized and empowered, at any time and from time to time, to issue its bonds in
18 the manner hereinabove described for the purpose of refunding, by payment at
19 maturity or upon purchase or redemption, any bonds issued hereunder. The validity
20 of any such refunding bonds shall in no way be dependent upon or related to the
21 validity or invalidity of the obligations so refunded. The powers herein granted with
22 respect to the issuance of bonds shall be applicable to the issuance of refunding bonds.
23 Such refunding bonds may be issued by the County for the purpose of providing it
24 with funds to pay any of its outstanding bonds issued hereunder at maturity, for the
25 purpose of providing it with funds to purchase in the open market any of its
26 outstanding bonds issued hereunder, prior to the maturity thereof, or for the purpose
27 of providing it with funds for the redemption prior to maturity of any outstanding
28 bonds issued hereunder which are, by their terms, redeemable, for the purpose of
29 providing it with funds to pay interest on any outstanding bonds issued hereunder
30 prior to their payment at maturity of purchase or redemption in advance of maturity,
31 or for the purpose of providing it with funds to pay any redemption or purchase
32 premium in connection with the refunding of any of its outstanding bonds issued
33 hereunder. The proceeds of the sale of any such refunding bonds shall be segregated
34 and set apart by the County as a separate trust fund to be used solely for the purpose
35 of paying the purchase or redemption prices of the bonds to be refunded.

36 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior to
37 the preparation of definitive bonds, issue interim certificates or temporary bonds,
38 with or without coupons, exchangeable for definitive bonds when such bonds have
39 been executed and are available for such delivery, provided, however, that any such
40 interim certificates or temporary bonds shall be issued in all respects subject to the
41 restrictions and requirements set forth in this Act. The County may, by appropriate
42 resolution, provide for the replacement of any bonds issued hereunder which shall
43 have become mutilated or lost or destroyed upon such conditions and after receiving
44 such indemnity as the County may require.

45 SECTION 8. AND BE IT FURTHER ENACTED, That any and all obligations
46 issued pursuant to the authority of this Act, their transfer, the interest payable

1 thereon, and any income derived therefrom in the hands of the holders thereof from
2 time to time (including any profit made in the sale thereof) shall be and are hereby
3 declared to be at all times exempt from State, county, municipal, or other taxation of
4 every kind and nature whatsoever within the State of Maryland.

5 Nothing in this Act shall prevent the County from authorizing the issuance and
6 sale of bonds the interest on which is not excludable from gross income for federal
7 income tax purposes.

8 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
9 money and issue bonds conferred on the County by this Act shall be deemed to provide
10 an additional and alternative authority for borrowing money and shall be regarded as
11 supplemental and additional to powers conferred upon the County by other laws and
12 shall not be regarded as in derogation of any power now existing; and all Acts of the
13 General Assembly of Maryland heretofore passed authorizing the County to borrow
14 money are hereby continued to the extent that the powers contained in such Acts have
15 not been exercised, and nothing contained in this Act may be construed to impair, in
16 any way, the validity of any bonds that may have been issued by the County under the
17 authority of any said Acts, and the validity of the bonds is hereby ratified, confirmed,
18 and approved. This Act, being necessary for the welfare of the inhabitants of
19 Washington County, shall be liberally construed to effect the purposes hereof. All Acts
20 and parts of Acts inconsistent with the provisions of this Act are hereby repealed to
21 the extent of such inconsistency.

22 SECTION 10. AND BE IT FURTHER ENACTED, That the borrowing
23 authorized by this Act may also be undertaken by the County in the form of
24 installment purchase obligations executed and delivered by the County for the
25 purpose of acquiring easements or similar or related rights in land that restrict the
26 use of agricultural land or woodland to maintain the character of the land as
27 agricultural land or woodland. The form of installment purchase obligations, the
28 manner of accomplishing the acquisition of easements, which may be by the direct
29 exchange of installment purchase obligations for easements, and all matters incident
30 to the execution and delivery of the installment purchase obligations and acquisition
31 of the easements by the County shall be determined in the resolution. Except where
32 the provisions of this Act would be inapplicable to installment purchase obligations,
33 the term "bonds" used in this Act shall include installment purchase obligations and
34 matters pertaining to the bonds under this Act, such as the security for the payment
35 of the bonds, the exemption of the bonds from State, county, municipal, or other
36 taxation, and authorization to issue refunding bonds and the limitation on the
37 aggregate principal amount of bonds authorized for issuance, shall be applicable to
38 installment purchase obligations.

39 SECTION 11. AND BE IT FURTHER ENACTED, That the Washington County
40 Commissioners shall present a plan to implement a County land preservation and
41 landowner equity program to the members of the General Assembly representing
42 Washington County on or before January 1, 2005. The plan shall establish annual
43 goals for financial support and acres of land preserved.

1 SECTION 12. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 June 1, 2004.